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SUBJECT: NEW ZEALAND - HOSTED PSI EXERCISE MARU

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¶1. (U) Summary: In September 2008, the United States participated in the New Zealand-hosted Proliferation Security Initiative (PSI) exercise, MARU, in the Hauraki Gulf and the port of Auckland, New Zealand. MARU was the thirty-sixth PSI exercise since the inception of the initiative in 2003. The exercise included the participation of Asia-Pacific nations and many global PSI partners. MARU was unique among PSI exercises in that it incorporated live exercise play into a table top exercise focusing on post-interdiction disposition issues. Additionally, MARU had a strong customs and law enforcement focus, with military support highlighting the interagency nature of PSI activities. Plenary sessions allowed discussion of issues such as legal standards for action, and intelligence sharing, by representatives of the 29 countries present. End summary.

¶2. (U) From September 13-19 2008, the New Zealand Customs Service (NZCS) hosted the Proliferation Security Initiative (PSI) Exercise MARU in Auckland. The 31-member USG delegation included representatives from several parts of the Department of Defense, U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement (ICE), the FBI, the U.S. Pacific Command (PACOM), the U.S. Central Command (CENTCOM), the U.S. European Command (EUCOM), the U.S. Seventh Fleet, and the U.S. Coast Guard (USCG). Consulate General Auckland also played an active role, with the Consular Chief acting as a group leader for plenary discussions, and the Ambassador paying a visit to the U.S. delegation's task force workroom. Including the United States, there were eight countries participating in the exercise, eleven countries observing which have formally endorsed the PSI Statement of Interdiction Principles, and ten countries observing which have not endorsed these

PSI principles.

Exercise MARU Overview and Goals

¶3. (U) Exercise MARU consisted of several phases, including live exercises (LIVEX) dealing with maritime interception and interdiction, LIVEX port search demonstrations, and a tabletop exercise (TTX) gaming phase exploring post-interdiction disposition issues. The exercise also included substantial outreach efforts to the attending non-endorsee delegations and an industry workshop dealing with trade security. Objectives for the exercise included:

- To demonstrate the law enforcement approach of PSI, which includes the interdiction, investigation and prosecution of proliferators attempting to circumvent domestic and international laws.
- To give PSI partner countries an opportunity to participate in a maritime interdiction operation involving interception (location), surveillance (tracking), and interdiction (ship-boarding).
- To advance understanding of issues related to interdiction, flag state consent, diversion, liability, proliferation network investigation, and the gathering of evidence to support prosecution.
- To raise the profile of weapons of mass

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destruction (WMD) proliferation issues in the Asia-Pacific region and to enable non-PSI states to understand better the initiative and its contributions to nonproliferation.

- To advance industry engagement and technical outreach regarding PSI.
- To advance understanding of information and intelligence sharing at national and international levels.

¶4. The exercise was the first of its kind in several respects, including that it was the first PSI exercise to include TTX game play that dealt primarily with the decision-making process after the interdiction of a shipment of proliferation concern.

The Live Exercise and its Corresponding TTX Scenario

¶5. (SBU) MARU followed a general scenario designed to test the exercise objectives, using the transfer of proliferation-related dual use materials between two countries of concern (RED and GREEN) as the core of its storyline. Intelligence and information gathered by the participating countries indicated that COUNTRY GREEN was attempting to procure materials, equipment, and technology necessary for its ballistic missile and nuclear weapons programs from COUNTRY RED. To avoid detection of the transfer of these goods (which would be in violation of United Nations Security Council Resolutions against the two countries), the WMD components were transported by an indirect route, transshipping through several countries, and repackaged in new containers to mask the origin and final destination. The materials included Missile Technology Control Regime-controlled aluminum powder, metal sheets and ball bearings, as well as various hazardous

chemicals. In addition to trying to conceal the transfer of materials by a circuitous route, the materials had also been given false end-users and had been improperly manifested.

¶16. (SBU) In the scenario, the materials had been sent in four identified containers from COUNTRY RED's procurement network in Asia to Singapore by the vessel Redstar. Following this, three of the containers were loaded on the vessel MV Seabreeze, destined for transit through the Port of Tauranga in New Zealand next, before being transshipped once again to ports in Europe, from which the proliferation network of COUNTRY GREEN would then again re-route the cargo to GREEN. However, intelligence and information gathered from several countries determined while the shipments aboard the Seabreeze were in transit that it would be necessary to locate, track, and board the vessel. A decision was also made within the scenario that it would be necessary to divert the Seabreeze to the Port of Auckland rather than allow it to continue to Tauranga. The corresponding live and tabletop exercises explored: the operational capabilities to perform these actions; the necessary international cooperation and information sharing involved; the ramifications for this type of interdiction including the ability to conduct a criminal case against the involved parties; further investigation of the proliferation network; and the costs of interdiction, including which parties would be liable for these costs.

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The Tabletop Exercise

¶17. (SBU) In the weeks prior to Exercise MARU, and continuing through the LIVEX, participant countries (with the exception of France) were involved in a table-top game which built further upon the activities being demonstrated in the live exercising phases.

¶18. (SBU) Before the exercise, participant countries received scenario "injects" with information and intelligence related to the COUNTRY RED and COUNTRY GREEN proliferation networks, including intelligence on the transfer of shipments and associated individuals and front companies connected to the networks. The injects contained information limited to only certain countries, forcing participant administrations to determine if they wish to share the intelligence further with other countries based on its potential sensitivity. The injects continued on September 15, 16, and 17 as the LIVEX was going on, and reflected a series of situation updates based on actions occurring within the LIVEX about the shipment of the three suspect containers aboard the MV Seabreeze, and also occurring with a fourth container identified already in New Zealand. This latter container was held and intended for export by the New Zealand-based front company (SCIFO Ltd NZ) associated with the other three inbound suspect containers (and was likely the fourth container from the Redstar, illegally transited to NZ with its origin hidden). This fourth container was inspected and determined to contain controlled dual-use strategic goods including radial ball bearings and stainless steel sheets, which were not properly licensed for export.

¶19. (SBU) During the tabletop exercise, the seven participating countries manned country-room

operations centers, and communicated with one another and with the Exercise MARU Ops Center by computer message and occasional interpersonal interplay. The focus throughout the game play was to gain sufficient information from other playing countries to build as strong a case as possible against the proliferation network involved in the illicit movement of the WMD-related materials. In this effort, the exercise players dealt with and shared potentially sensitive intelligence which might well not be obtained, or released in court, in the real world.

Plenary Session Discussions

¶10. (SBU) Throughout the week of the exercise, additional activities enriched the experience of all countries involved, participating and observing states alike. An example was an industry workshop dealing with trade security. Perhaps of most use overall were the plenary sessions held in the last two days, which discussed independently issues that the countries participating in the TTX were dealing with, and which finally served as a summation of the whole week's activity. Some of these central questions were:

-What domestic and international authorities do governments have to divert, board, and search a

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vessel?

-What domestic and international legal authorities do governments have to detain goods and claim jurisdiction?

-What evidence are countries properly relying on to divert, board, search, and detain goods, and how can countries address the issues of information classification and intelligence sharing?

-What information can or should be shared with the media through the investigative process?

Participant countries played the strongest role in attempting to answer these questions, explaining their respective decision-making process, and the various laws and authorities used within that process.

Comment

¶11. (SBU) By all accounts, Exercise MARU was a resounding success. The Ambassador and the Acting Consul General in Auckland visited the virtual U.S. Ops Center, and were impressed with the complexity of the exercise and the quality of the U.S. involvement. The field visits to New Zealand military installations, and especially the at-sea boarding exercises, contributed a strong sense of immediacy. But the tabletop exercise was the major revelation, as it brought to focus the very real issues that would have to be confronted while states were trying to balance combating the threats of today's world with maintaining the legal norms that make our societies worth preserving. There was a tremendous spirit of collegiality among the several hundred people assembled, which spoke well of what they had accomplished together, and what these continuing efforts could accomplish still.

MCCORMICK